

Before the
Federal Communications Commission
Washington D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
1998 Annual Access) CC Docket No. 98-104
Tariff Filings)
)

**REBUTTAL OF SOUTHWESTERN BELL TELEPHONE COMPANY AND
NEVADA BELL**

SBC Communications Inc. (SBC), on behalf of Southwestern Bell Telephone Company (SWBT), and Nevada Bell, and pursuant to the Designation Order released July 29, 1998 by the Common Carrier Bureau (Bureau) of the Federal Communication Commission (Commission),¹ hereby responds to the comments filed on SWBT and Nevada Bell's Direct Case. For the reasons stated in this rebuttal, the investigation as to SWBT and Nevada Bell should be closed, as the issues listed in the Designation Order are now moot.

There is no dispute in the comments that the issues are moot as to Nevada Bell. Thus, the only remaining dispute is over whether SWBT is required to further change its rates and calculations.

Paragraph 20 of the Designation Order sought comment on the tentative conclusion that "SWBT and Nevada Bell have failed to properly adjust their revenue inputs due to a change in their primary and non-primary residential line counts".

¹ 1998 Annual Access Tariff Filings, CC Docket No. 98-104, Memorandum Opinion and Order, Order Designating Issues For Investigation, and Order on Reconsideration

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On August 13, 1998 SWBT filed Transmittal No. 2719 and Nevada Bell filed Transmittal No. 250 to incorporate a revised non-primary residential and BRI ISDN rate at last PCI update. In doing so SWBT and Nevada Bell flowed through the necessary rate reductions to the common line revenue requirement as requested by Commission staff, thus making this issue moot.

Nevertheless, AT&T and MCI assert that the changes made by SWBT are insufficient to resolve the Designation Order's concerns. They claim that the distinction drawn by SWBT between reclassifications and corrections to the primary/non-primary line counts does not relieve it of the requirement to perform the weighted average calculation they describe.

No party to this proceeding can deny that the Commission has not yet issued a full, final definition of primary and nonprimary lines. AT&T and MCI argue that SWBT reclassified primary and nonprimary line counts, and therefore, SWBT should have used a weighted average PICC and weighted average EUCL to calculate the common line revenue requirement simply because the numbers changed from June 16, 1998 to the latest filing. The lack of a full, final, clear, concise definition of primary and nonprimary line counts has resulted in the understatement of the common line revenue requirement and has placed SWBT in the untenable position of trying to guess the correct answer. Further, without a final and clear definition of primary and nonprimary lines, "corrections" in the primary and nonprimary line counts cannot be defined as "reclassifications."

Had SWBT been informed before the transmission of the original 1998 Annual Filing that the Commission did not intend to fully accept SWBT's 1996 primary and nonprimary line counts and methodology, SWBT would most definitely have taken that intention into account when it filed the 1998 Annual Filing. This issue would thus not have been cited in the Designation Order. However, the only guidance to SWBT was the issuance of the June 1, 1998 Memorandum Opinion and Order on the Tariffs Implementing Access Charge Reform. In that order, the Commission did not find SWBT's line counts to be unreasonable for 1996, therefore, it was not unreasonable for SWBT to utilize the same methodology in developing the 1997 demand underlying the 1998 Annual Filing.

Further, upon filing the 1998 Annual Filing, when the Commission did provide guidance to SWBT, the Commission continued to penalize SWBT by requiring weighted average inputs for a relatively insignificant change in primary and nonprimary line counts. Had SWBT filed the revised line counts in the first place the input of the weighted average rates would not have been required. Thus, by requiring SWBT to input weighted average rates after the fact, the Commission has unreasonably caused SWBT's common line revenue requirement to appear to be understated.

For the foregoing reasons, SBC respectfully requests that the Commission close the investigation as to the SWBT and Nevada Bell tariffs.

Respectfully submitted,

SBC COMMUNICATIONS INC
SOUTHWESTERN BELL TELEPHONE COMPANY
NEVADA BELL

By 

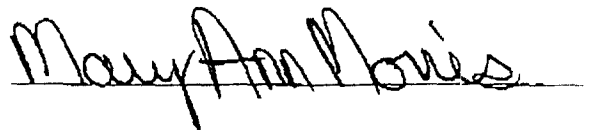
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September 23, 1998

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CERTIFICATE OF SERVICE

I, Mary Ann Morris, hereby certify that the foregoing, "REBUTTAL OF
SOUTHWESTERN BELL TELEPHONE COMPANY AND NEVADA BELL" in CC
Docket No. 98-104 has been filed this 23rd day of September, 1998 to the Parties of
Record.

A handwritten signature in cursive script, reading "Mary Ann Morris", written over a horizontal line.

Mary Ann Morris

September 23, 1998

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